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RUEATRS/DEPT OF TREASURY WASHDC
RHMFISS/HQ USAFRICOM STUTTGART GE
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
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SIPDIS

DEPARTMENT FOR EB/IFD/OIA
DEPARTMENT PASS TO USTR (AGAMA)
TREASURY FOR RHALL AND DPETERS

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TAGS: [ETRD](#) [ECON](#) [PREL](#) [PGOV](#) [EAGR](#) [EFIN](#) [EAID](#) [NI](#)
SUBJECT: NIGERIA: ECONOMIC ADVISOR SAYS NIGERIA WILL
DRASTICALLY REDUCE IMPORT BANS

Classified By: Acting Deputy Chief of Mission Robert Tansey for reasons
1.4. (b & d).

¶1. (C) Nigeria's Chief Economic Advisor (CEA), Dr. Tanimu Yakubu Kurfi, and CEA Desk Officer for Food and Security and U.S. Affairs Engr. Waziri Ahmadu, joined Ambassador and Acting DCM for a two-hour working dinner at the CMR on September 15. In the course of the dinner conversation, Dr. Yakubu told the Ambassador President Yar'Adua has ordered his ministers to reduce the large number of import bans to no more than six. (Yakubu gave the current number of bans as 95-100). He promised to give Post the GON's upcoming working papers on what, if realized, would be a major shift in Nigerian trade philosophy. He said the GON was still working on its BIT proposal but described internal comments on the U.S. Model Agreement as minor to date.

¶2. (C) While Yakubu opined that the international oil companies were stalling on GON intentions to form incorporated joint ventures which could raise their own funds in international financial markets, he stressed that he wanted to facilitate more American company involvement in the Nigerian market, lamenting that "bureaucrats" simply accepted the lowest bid, ignoring other performance criteria and leading to many failed projects. Yakubu has clearly done a lot of thinking about ways to move Nigerian fiscal management at all governmental levels from a system of cash in envelopes to one of greater accountability. He gave examples of his and the President's efforts, both recently at the federal level, and from when he served as Yar'Adua's Commissioner of Finance in Katsina State. He stated his strong interest in integrating his efforts with programs of the U.S. and other donors aimed at greater fiscal responsibility at the state and local levels.

¶3. (C) A recent head of Nigeria's federal mortgage bank, Yakubu expressed his concern about lack of clear land and real property rights in Nigeria, citing the practice by many governors of personally "granting" parcels of land to individuals or companies. He related those concerns to the challenges of mobilizing agricultural production and welcomed the interest of U.S. agribusinesses in the GON's efforts to boost agriculture production. Yakubu said that the previous system of planned investments in infrastructure had broken

down under a series of military regimes, and government at all levels had to learn how to sustain infrastructure projects to fruition. He lamented that the Federal Government was in the impossible position of having to try to satisfy local health and water needs because state and local governments were not fulfilling their mandates. He made a cogent case for use of debt markets to fund specific state and local projects, saying the use of dedicated funds would allow for greater transparency and accountability. He called for a "hard rethink" on the part of both donors and the GON, saying there needed to be a new emphasis towards eliminating constraints on economic growth, so that local areas could create their own infrastructure and social services.

14. (C) Comment: If Yakubu is right about the mandate to reduce import bans, then that would represent a major shift in Nigerian economic philosophy. Often, Nigeria appears not to have a discernible market system, unless one counts cronyism as a system. Yakubu certainly talks like he wants to move towards a system that actually provides incentives for value-added economic activities. We will engage with him on several of the policy and program areas discussed, and see whether we can work with the CEA to make progress on our mission goals in the areas under his purview. Septel reports on Yakubu's emergence as a major player in the GON and tasks he is taking up which go well beyond economic advice. End comment.
SANDERS